

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

INVESTMENT COMMITTEE

SUBJECT: General – Significant Event Policy

ITEM NUMBER: 7

ATTACHMENT(S): 0

ACTION: X

DATE OF MEETING: May 5, 1999

INFORMATION: _____

PRESENTER: Mr. Mitchell

EXECUTIVE SUMMARY

In March, staff presented alternatives for handling unanticipated investment decisions that require Investment Committee action prior to the next available Investment Committee meeting. The final analysis showed that in the majority of instances, the transaction could be held over for the next available Committee meeting without adverse results for the System. In those rare instances where this is not the case, staff recommends that the following processes can be implemented.

- *Extension of time to make investment decision:* Staff recommends that the first course of action be that an extension of time to make the investment decision until the next available Investment Committee meeting be sought from the appropriate parties unless, in the judgment of the Chief Investment Officer, an extension of time would be adverse to the interests of the System.
- *Seek to add the investment transaction as an additional item to the existing agenda for an upcoming Investment Committee meeting:* In the event that the timing of the needed decision is such that it could be made at an upcoming Investment Committee meeting if added to the agenda, staff recommends that the Committee use Section 11125.3 of the Bagley-Keene Open Meetings Act, which allows the Committee, on a two-thirds vote, to add an item to an already-existing agenda provided that there is a need to take immediate action and that this came to the attention of the Committee subsequent to the posting of the agenda. It is noted that notice of this proposed action must be provided to all national press wire services no less than 48 hours before the time of the meeting.
- *Hold an additional meeting of the Investment Committee pursuant to the regular, 10 day notice provision via teleconference:* If neither of the above options meets the timing needs of the investment decision, but the timing of the decision would allow it to be considered at a meeting of the Committee held pursuant to the regular, 10 day notice

provisions of the Bagley-Keene Act, staff recommends that an additional meeting of the Committee be noticed and held via teleconference for the sole purpose of considering the investment transaction at issue. It is noted that at least one member of the Committee would have to be physically present at the noticed location of the teleconference meeting.

- *Hold a special meeting via teleconference:* If none of the above options meets the timing of the investment decision, and the transaction involves the purchase, sale, lease or exchange of real property or pending litigation concerning an investment, staff recommends that a special meeting be called pursuant to Section 11125.4 of the Bagley-Keene Act. Notice of such a meeting must be provided as soon as practicable after the decision to call the meeting but in any case must be provided at least 48 hours prior to the time of the meeting.

Staff recommends that the Committee adopt the procedures outlined above.

PROPOSED
RESOLUTION OF THE
CALIFORNIA STATE TEACHERS' RETIREMENT BOARD
INVESTMENT COMMITTEE

SUBJECT: Significant Events Policy

Resolution No. _____

WHEREAS, the Investment Committee of the California State Teachers' Retirement Board is responsible for recommending to the Board investment policy and overall investment strategy; and

WHEREAS, the Investment Committee has reviewed the written agenda item and has heard an oral presentation from Staff concerning procedures for considering an investment transaction that requires action prior to the next available regularly-scheduled meeting of the Investment Committee; and

WHEREAS, Staff has recommended that the Committee adopt procedures to use available mechanisms under the Bagley-Keene Open Meetings Act to address the need for expedited investment decisions where necessary; Therefore, be it

RESOLVED, that the Investment Committee of the California State Teachers' Retirement System adopt Staff's recommendations.

Adopted by:
Investment Committee
On _____

James D. Mosman
Chief Executive Officer